

Rebecca Evans MS

Minister for Finance and Local Government

4 April 2022

Effective Budget scrutiny and oversight

Dear Minister,

Thank you for your letter of 25 March 2022, in relation to the establishment of the Budget Improvement Impact Advisory Group (BIIAG). I would also like to thank you and the Group for inviting me, in my role as Chair, to attend the first meeting of the Group at its inception on 30 March.

As you will be aware, the Finance Committee (and its predecessor) has tried to ensure that the profile and effectiveness of budget scrutiny in the Senedd is continually improved and that the Welsh public are able to engage fully with the process and have their views fed into not only the scrutiny but how the Welsh Government's budget priorities are set. As a Committee we have introduced our own budget scrutiny improvements, such as our annual stakeholder engagement event/activity, which feeds into our annual Committee-led Plenary debate on the Welsh Government's spending priorities.

In relation to exploring how the Committee and the Welsh Government can undertake collective engagement, whilst I appreciate the benefits of this approach to avoid duplication of efforts by stakeholders, it is also important to note that the Committee's stakeholder event offers a forum where stakeholders/organisations, who are often funded by the Welsh Government, are able to talk openly about the impact of the previous years' budget and explore expectations and priorities for the forthcoming budget. We therefore feel it is important to retain this separation between our engagement work. As mentioned above, the Committee-led priorities debate provides the opportunity for us to share stakeholders' views with you and hopefully influence your spending plans prior to formulation of the Draft Budget in the autumn.



Nevertheless, we are open to working with you where appropriate, including discussing ways in which we can diversify our engagement activities in order to reach sectors of society whose voices are often not heard.

We are also grateful to you for your commitment to improving tax and budget processes and by taking onboard several of the Committee's recommendations that we have made in this area. As I mentioned at the first BIIAG meeting, we are keen to explore ways that the Committee can engage with the Group and consider how budget transparency and scrutiny in the Senedd can be improved. It has been a consistent challenge for Senedd Committees to understand how funding is linked to outcomes, so it is reassuring to see this is referenced at the outset of the purpose of the BIIAG Group.

Technical Briefing

Thank you for your offer for the Committee to receive a technical briefing by your officials prior to June 2022, to enable Members to understand and explore in more detail the actions within the Budget Improvement Plan. The Committee clerks will liaise with your office to arrange a suitable date.

I am also grateful for your commitment to ensuring that the Committee receives regular updates on BIIAG and on the Budget Improvement Plan, through regular meetings between your officials and the Committee clerks.

Budget protocol and review

Whilst we welcome the improvements currently being made to the budget process, the previous Finance Committee was keen for reform of the budget scrutiny process and a move to a legislative budget process. Given the Welsh Government's budgets over the past four years have been affected by "exceptional circumstances" due to Brexit and the pandemic, we are yet to experience a "normal year" of budget scrutiny. Following this year's budget round, we will be keen to consider the adequacy of the current Budget protocol. The previous Committee also called for the establishment of an independent group to review the existing process for agreeing the budget.

Furthermore, our consideration of the Welsh Taxes Acts etc. (Power to Modify) Bill has shed further light on the benefits of a legislative budget process or finance Bill as Welsh taxes grow.

It is crucial that we have a budget process that befits a modern legislature and respects its democratic mandate. I hope to continue exploring these issues with you during the course of this Senedd.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peredur Owen Griffiths'. The signature is fluid and cursive, with a prominent horizontal stroke at the end.

Peredur Owen Griffiths MS

Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

